



BEFORE THE STATE BOARD OF EQUALIZATION
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of)
UNIVERSAL PICTURES CORPORATION,)
METRO-GOLDWYN-MAYER DISTRIBUT-)
ING CORPORATION, JACK WHITE)
COMEDY CORPORATION, LLOYD)
HAMILTON CORPORATION, AND LUPINO)
LANE COMEDY CORPORATION.)

Appearances:

For Appellants: Raymond R. Hails, Attorney

For Respondent: **A.A. Manship**, Assistant Franchise Tax
Commissioner

O P I N I O N

These are appeals pursuant to Section 25 of the Bank and Corporation Franchise Tax Act (Chap. 13, Stats. 1929) from the action of the Franchise Tax Commissioner in overruling the 'protests of Universal Pictures Corporation, Metro-Goldwyn-Mayer Distributing Corporation, Jack White Comedy Corporation, Lloyd Hamilton Corporation and Lupino Lane Comedy Corporation, to his proposed assessment of additional taxes against them based upon the inclusion in their taxable net income of amounts received from tax exempt sources (principally from copyrights upon motion pictures). As the point involved in all of the appeals is practically identical and as the Appellants are represented by the same counsel upon stipulation of the parties the Board has considered the proceedings as a consolidated appeal.

Counsel for Appellants has argued with much earnestness and persuasiveness that the inclusion of income from exempt sources in the tax base is prohibited by the Constitution of the United States. The authorities cited to this effect are convincing but for the reasons stated in our opinion in the case of Vortex Manufacturing Company (filed August 4, 1930), we do not feel warranted in holding that the law is unconstitutional. Upon authority of our decision in that appeal, we believe that we must sustain the action of the Commissioner.

O R D E R

Pursuant to the views expressed in the opinion of the Board on file in this proceeding, and good cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that the action of Reynold E. Blight, Franchise Tax Commissioner, in overruling

Appeal of Universal Pictures Corporation, Metro-Goldwyn-Mayer
Distributing Corporation, Jack White Comedy Corporation,
Lloyd Hamilton Corporation, and Lupino Lane Comedy Corporation

the protests of Universal Pictures Corporation, Metro-Goldwyn-Mayer Distributing Corporation, Jack White Comedy Corporation, Lloyd Hamilton Corporation and Lupino Lane Comedy Corporation, against proposed assessments of additional taxes under Chapter 13, Statutes of 1929, be and the same are hereby sustained;

Done at Sacramento, California, this 4th day of August, 1930, by the State Board of Equalization.

R. E. Collins, Chairman
Fred. E. Stewart, Member
H. G. Cattell, Member
Jno. C. Corbett, Member

ATTEST: Dixwell L. Pierce, Secretary